

IRS News Release

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More than 12,500 Large Corporations E-filed 2005 Tax Returns In First Year of New Requirement

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WASHINGTON – The Internal Revenue Service today announced that more than 12,500 of the nation's largest corporations have electronically filed their 2005 corporate tax returns.

Large corporate taxpayers, those with \$50 million or more in assets that file at least 250 returns, were required to e-file for the first time this year, starting with their 2005 returns. September 15, 2006 was the extended deadline for filing these returns. Over half a million corporate tax returns were filed electronically and most did so voluntarily.

"More than 12,500 of the largest corporations have successfully made the transition from paper to electronic returns," said Deborah Nolan, Commissioner of the IRS Large and Mid-Size Business Division (LMSB). "This is a significant milestone in the Service's modernization efforts that will pay dividends for years to come." The collaboration with taxpayers, practitioners, and software developers enabled the IRS to develop a system to process large volumes of very complex returns, and develop rules to facilitate taxpayers' ability to comply with the mandate.

The largest corporate taxpayers transmitted their returns predominately without delay or back log. The IRS processed this volume of very complex returns, and accepted and acknowledged receipt, well within its 24-hour turn-around standard.

"E-file will cut many months off of the audit process and will allow us to develop sophisticated analytical tools to better select areas of audit inquiry," said IRS Commissioner Mark W. Everson. "Taxpayers will benefit by having uncertainties on their tax returns resolved sooner, and the government will benefit by more promptly identifying and responding to areas of noncompliance."

E-file for large corporations was used successfully by taxpayers in all types of industries. Corporations in financial services, pharmaceuticals, automobile manufacturing, energy and communications all used e-file with success. Based on feedback from external groups, the IRS designed corporate e-file to be flexible enough to accommodate the various needs of large business filers, such as allowing transition rules during the first year. Nearly all of these taxpayers used commercial software to prepare their returns. About 400 taxpayers transmitted the return themselves.

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Looking ahead, the electronic filing requirements will be expanded to include tax year 2006 returns of corporations with \$10 million or more in total assets that file 250 or more returns a year. Corporations not required to e-file are encouraged to do so voluntarily. E-file has been available to corporations since 2004.

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